



**SVERIGES
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Press Release

GOOD PROSPECT OF MEETING THE INFLATION TARGET IN THE COMING YEARS

The prospect of inflation during 1997, as well as in the first half of 1998, being in line with the 2 per cent inflation target is good, states the Riksbank in the inflation report that is being presented on Tuesday, 24th September 1996.

Since the previous inflation report, published at the beginning of June, the rate of inflation has been lower than envisaged at that time. This is primarily because the transitory effects of falling interest rates and import prices have been greater than expected. In other respects, economic developments have been broadly in line with the assessment.

The economic slowdown towards the end of 1995 was brief and there has been an upturn during 1996. A total growth rate of 3 to 4 per cent for 1996 and 1997 combined is still considered most probable, though today the emphasis is in the upper half of this interval. It is not probable that during these years the economy will reach full capacity utilisation.

Cost pressure from wages is a source of concern for future inflation. However, this should be possible to counter in that inflation expectations have continued to fall and are now well in line with the inflation target, accompanied by a further expansion of production capacity.

The available information suggests that some room may remain for lowering the repo rate. The future path of the repo rate will depend on new information and on how this relates to the analysis in the present inflation report.

A press conference on the inflation report, with Lars Heikensten, Claes Berg and Jonas Ahlander, will be

held at 10 a.m. in the Riksbank, admission by press card at No. 7, Malmskillnadsgatan.

Copies of the inflation report can be ordered from the Riksbank's Information Centre, fax no. Int. 1 + 46 8 787 05 26, phone no. Int. 1 + 46 8 787 01 00, or collected from the Riksbank entrance at No. 7, Malmskillnadsgatan.

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